

## FACTS

Portfolio value	\$521.05 mn
Portfolio commenced	15 September 2015
Current share price	\$1.330
Current dividend yield	5.26%
Pre-tax NTA	\$1.3816
Post-tax NTA	\$1.2974
Maximum franked dividend	12.39 cps
NTA retained earnings & div profit resv.	30.74 cps

## PERFORMANCE<sup>1</sup>

	Company % (Pre-tax NTA)	MSCI %
1 month	1.3	0.3
3 months	8.1	7.1
6 months	18.8	17.6
Calendar year to date	5.9	5.0
1 year	34.3	18.2
2 years (compound pa)	22.1	14.3
3 years (compound pa)	12.6	9.5
5 years (compound pa)	17.1	15.0
Since inception (compound pa)	13.3	12.2

PAI's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PAI's returns have not been calculated using PAI's share price.

## INVESTED POSITIONS<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	81.8	(0.8)	81.0	97.9
China	45.2	(0.5)	44.6	44.6
Hong Kong	7.0		7.0	13.5
Taiwan	6.1		6.1	6.6
India	5.0		5.0	5.5
Japan		(0.3)	(0.3)	0.1
Macao	1.0		1.0	1.0
Philippines	1.4		1.4	1.4
Singapore	1.0		1.0	1.4
South Korea	11.0		11.0	11.6
Thailand	1.5		1.5	1.5
Vietnam	2.7		2.7	2.7
China Renminbi Offshore				8.1
<b>Europe</b>				0.2
United Kingdom				0.2
<b>North America</b>				1.9
United States of America				1.9
<b>Sub-Total</b>	81.8	(0.8)	81.0	100.0
<b>Cash</b>	18.2	0.8	19.0	
<b>Total</b>	100.0		100.0	100.0

Long - 52 stocks Short - 2 swaps, 1 index

## FEES

Management fee:	1.10% p.a. (excl. GST) of portfolio value* plus
Performance fee:	15.00% p.a. (excl. GST) of outperformance over benchmark (MSCI All Country Asia ex Japan Net Index (A\$))

\*The portfolio value is the market value of the investments in the portfolio after the deduction of fees and expenses, adjusted for taxes, corporate actions and dividends.

## PERFORMANCE GRAPH<sup>2</sup>



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## TOP TEN POSITIONS<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co	South Korea	Info Technology	5.2
Taiwan Semiconductor	Taiwan	Info Technology	4.9
AIA Group Ltd	Hong Kong	Financials	3.5
Weichai Power Co Ltd	China	Industrials	3.4
Ping An Insurance Group	China	Financials	3.4
SK Hynix Inc	South Korea	Info Technology	3.1
Kingsoft Corp Ltd	China	Info Technology	2.7
Huazhu Group Ltd	China	Cons Discretionary	2.7
Vietnam Ent Investments	Vietnam	Other	2.6
LG Chem Ltd	South Korea	Materials	2.6
<b>Total</b>			34.2

## INDUSTRY BREAKDOWN<sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Information Technology	18.4		18.4
Consumer Discretionary	17.2	(0.2)	16.9
Financials	12.7		12.7
Industrials	11.9		11.9
Real Estate	9.0		9.0
Communication Services	3.4		3.4
Materials	3.0	(0.3)	2.8
Consumer Staples	2.3		2.3
Health Care	1.3		1.3
Other	2.6	(0.3)	2.3

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1. & 2. Source: Platinum for portfolio returns and Factset Research Systems for MSCI returns. The returns are calculated relative to the MSCI All Country Asia ex-Japan Net Index in A\$. The investment returns in the line graph are cumulative on A\$20,000 invested in PAI since inception. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

4. The "Top ten positions" show PAI's top ten long securities positions as a percentage of PAI's portfolio value (including long securities and long securities derivative positions). All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/Special-Pages/Terms-Conditions>



## MARKET UPDATE AND COMMENTARY

- China's economy continues to expand, albeit at a moderating pace.
- Comments from Chinese regulators highlight bubble risks.
- We see the likelihood of ongoing robust economic expansion, benefiting Asian markets.

February saw further positive returns for the portfolio and non-Japanese Asian markets. Contributors of note for the month included Korean chip maker SK Hynix and Chinese property developers China Vanke and China Resources Land (see below for further comments on the Chinese property sector). Detractors from performance included Chinese tech companies Tencent, Alibaba and Kingsoft and battery materials heavyweight LG Chem.

### Ongoing expansion of China's economy, albeit at a moderating pace

For the 10th consecutive month, China's Purchasing Managers' Index (PMI) readings were indicative of expansion in manufacturing in February, albeit at a reduced rate, with the Caixin China General Manufacturing PMI posting 50.9. This was the lowest reading for the measure since May 2020. Readings above 50 indicate expansion. Export readings were weak and domestic Chinese COVID-19 outbreaks appear to have weighed on sentiment among survey respondents. Interestingly, the reading of confidence for the year ahead was at its highest since October 2020 at 63 (Source: Reuters).

Other indicators of global growth, such as copper and oil prices, pushed to new cycle highs in February. Asia's large trade-related currencies – the Korean won and Chinese yuan, have both been relatively stable thus far in 2021, having appreciated markedly in 2020 (Source: FactSet).

### Sobering comments from Chinese officials

In early March, comments by Guo Shuqing, China's most senior banking regulator, attracted global attention when he highlighted the risk of bubbles in global asset markets and in China's domestic property market (Source: Financial Times). For us, this stands in marked contrast to the attitude of regulators and senior party officials in China in the lead up to the 2015 equity bubble and its implosion, when official pronouncements struck us as akin to cheerleading. We would agree wholeheartedly that there are bubbles apparent in global asset markets, however, in regards to China's property market, officials have taken moves to curb property speculation for years and continue to do so.

Further, China's credit impulse (credit growth less nominal GDP) has likely reached a local peak as shown in chart 3. We would note that the same occurred in 2016, just as global growth achieved momentum and giving rise to the "global synchronous growth" narrative of 2017.

### Robust global economic conditions likely to continue

To be clear – we do not think any of this signifies the end of relatively buoyant economic conditions globally as economies reopen from COVID-induced disruption and investment in supply lines regains momentum following years of uncertainty engendered by trade hostility by the USA.

It is also worth noting that the reform efforts of Chinese regulators in recent years have borne fruit, with shadow banking now shrinking in absolute terms since 2018, even amid recent credit expansion and fiscal support by the central government (see chart 4).

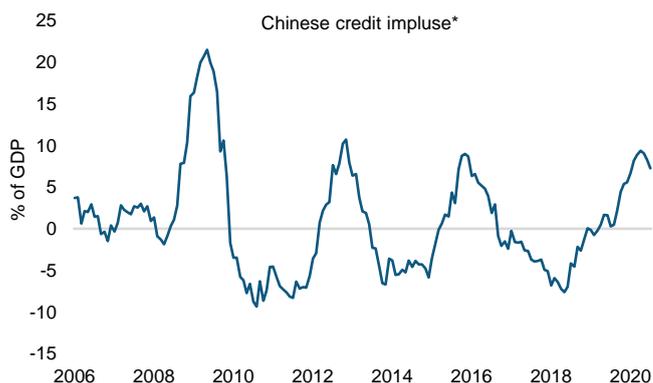
In summary, it appears to us that some of the growth momentum of recent months in Asia's large economies has weakened on the margin, but we see scope for ongoing robust expansion, especially as large Western economies continue to recover.



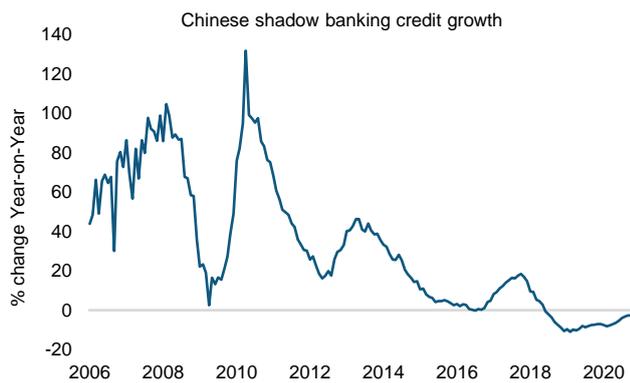
Source: Chart 1 – IBES consensus, in local currency. Correct as at 3 March 2021.



Source: Chart 2 – IBES consensus, in local currency. Correct as at 3 March 2021.



Source: Chart 3 – Bloomberg correct as at 3 March 2021. \*Chinese credit impulse = Credit growth less nominal GDP



Source: Chart 4 – Bloomberg correct as at 3 March 2021.